

AMENDED IN ASSEMBLY JULY 19, 2001

AMENDED IN ASSEMBLY JULY 3, 2001

AMENDED IN SENATE MAY 31, 2001

AMENDED IN SENATE MAY 23, 2001

AMENDED IN SENATE MAY 3, 2001

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**SENATE BILL**

**No. 133**

**Introduced by Senator Figueroa**

**(Coauthors: Senators Johannessen and Polanco)**

(Coauthors: Assembly Members Aanestad, Correa, and Thomson)

January 29, 2001

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An act to amend Sections 5000, 5015.6, 5020, 5081, 5082, 5082.1, 5082.3, 5082.4, 5087, 5088, and 5134 of, to amend and repeal Sections 5081.1, 5082.2, 5083, and 5084 of, and to add Sections 5076, 5082.5, 5090, 5091, 5092, 5093, 5094, and 5095 to, the Business and Professions Code, relating to accountants, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 133, as amended, Figueroa. Accountants.

(1) Existing law provides for the licensing and regulation of accountants by the State Board of Accountancy in the Department of Consumer Affairs. The provisions creating the board and authorizing the board to appoint an executive officer will become inoperative on July 1, 2002, and will be repealed on January 1, 2003.

This bill would extend these dates, making the provisions inoperative on July 1, 2006, and repealing them on January 1, 2007. The bill would increase the total membership of the board and would also alter the composition of the board.

(2) Existing law authorizes the board to conduct investigations or hearings relating to any matter involving the conduct of licensees. Existing law authorizes the board to appoint an administrative committee for the purpose of obtaining technical expertise.

This bill would provide that the executive officer would determine when to engage in these activities. The bill would also revise the required composition of the administrative committee.

(3) Existing law requires that an applicant for the certified public accountants' examination meet specified educational requirements and that an 'applicant for licensure as a certified public accountant meet certain educational and experience requirements.

This bill would revise these provisions relating to educational and experience requirements.

(4) Under existing law, a certified public accountant license candidate is required to pass a written examination. Existing law provides that a candidate who passes 2 or more subjects but fails the examination has the right to be reexamined in only the remaining subjects.

This bill would revise the provisions relating to the examination process and examination requirements.

(5) Existing law requires that an applicant for a certified public accountant license be over 18 years of age, and prohibits the board from giving a license to an applicant with a certified public accountant license from another state who is not over 18 years of age.

This bill would delete this age requirement.

(6) Existing law requires an applicant for licensure as a certified public accountant to demonstrate experience in the attest function.

This bill would require a firm, other than a sole proprietor or a small firm, to meet specified peer review requirements in order to provide attest services and would require an individual applicant to meet specified criteria to sign reports on attest engagements. The bill would require the board to adopt regulations implementing, interpreting, and making specific these new application, examination, education, and licensure requirements.

(7) Existing law provides that a person holding a valid and unrevoked license from any state may practice public accountancy after



submitting an application for licensure and showing proof of qualifying continuing education.

This bill would also authorize a qualified applicant to also perform attest services.

(8) Existing law sets specified fees to be charged by the board and requires that the board maintain a reserve balance in its contingent fund equal to approximately 3 months of annual authorized expenditures.

This bill would revise the fees to be charged by the board and would require that the board maintain a reserve balance equal to approximately 6 months of annual authorized expenditures.

This bill would make other related changes.

(9) Because this bill would increase fees deposited in the Accounting Fund, a continuously appropriated fund, it would make an appropriation.

(10) The bill shall only become operative if AB 585 is enacted and becomes effective on or before January 1, 2002.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. It is the intent of the Legislature that the new  
2 education and experience requirements for the certified public  
3 accountant license established by this legislation not be revised or  
4 amended prior to the next review of the California Board of  
5 Accountancy required by Division 1.2 (commencing with Section  
6 473) of the Business and Professions Code.

7 Further, it is the intent of the Legislature that this review shall  
8 be limited to issues related to implementation of the new licensure  
9 requirements. In preparation for that review, the California Board  
10 of Accountancy shall collect statistical information including  
11 information on the number of applicants applying under Sections  
12 5092 and 5093 of the Business and Professions Code, the number  
13 of applicants passing the examination under Sections 5092 and  
14 5093 of the Business and Professions Code, the number of  
15 applicants applying and qualifying for licensure under Sections  
16 5092 and 5093 of the Business and Professions Code, and the  
17 number of applicants and licensees applying and qualifying for an  
18 authorization to sign reports on attest engagements under Section  
19 5095 of the Business and Professions Code. Also, it is the intent



1 of the Legislature that prior to the next review required by Division  
2 1.2 (commencing with Section 473) of the Business and  
3 Professions Code, the California Board of Accountancy develop  
4 regulations and procedures to implement the peer review  
5 requirement mandated by Section 5076 of the Business and  
6 Professions Code.

7 SEC. 2. Section 5000 of the Business and Professions Code  
8 is amended to read:

9 5000. There is in the Department of Consumer Affairs the  
10 California Board of Accountancy, which consists of 11 members,  
11 six of whom shall be licensees, and five of whom shall be public  
12 members who shall not be licentiates of the board or registered by  
13 the board. The board has the powers and duties conferred by this  
14 chapter.

15 The Governor shall appoint three of the public members, and the  
16 six licensee members as provided in this section. The Senate Rules  
17 Committee and the Speaker of the Assembly shall each appoint a  
18 public member. In appointing the six licensee members, the  
19 Governor shall appoint members representing a cross section of  
20 the accounting profession with at least two members representing  
21 a small public accounting firm. For the purposes of this chapter,  
22 a small public accounting firm shall be defined as a professional  
23 firm that employs a total of no more than four licensees as partners,  
24 owners, or full-time employees in the practice of public  
25 accountancy within the State of California.

26 This section shall become inoperative on July 1, 2006, and as of  
27 January 1, 2007, is repealed, unless a later enacted statute, that  
28 becomes effective on or before January 1, 2007, deletes or extends  
29 the dates on which this section becomes inoperative and is  
30 repealed. The repeal of this section renders the board subject to the  
31 review required by Division 1.2 (commencing with Section 473).  
32 However, the review of the board shall be limited to only those  
33 issues identified by the Joint Legislative Sunset Review  
34 Committee and the board pursuant to implementation of new  
35 licensing requirements.

36 SEC. 3. Section 5015.6 of the Business and Professions Code  
37 is amended to read:

38 5015.6. The board may appoint a person exempt from civil  
39 service who shall be designated as an executive officer and who



1 shall exercise the powers and perform the duties delegated by the  
2 board and vested in him or her by this chapter.

3 This section shall become inoperative on July 1, 2006, and, as  
4 of January 1, 2007, is repealed, unless a later enacted statute,  
5 which becomes effective on or before January 1, 2007, deletes or  
6 extends the dates on which it becomes inoperative and is repealed.

7 SEC. 4. Section 5020 of the Business and Professions Code  
8 is amended to read:

9 5020. The board may, for the purpose of obtaining technical  
10 expertise, appoint an administrative committee of not more than  
11 13 licensees to perform any of the following duties, and the  
12 committee may be vested with the powers of the board for those  
13 purposes:

14 (a) To receive and investigate complaints and to conduct  
15 investigations or hearings, with or without the filing of any  
16 complaint, and to obtain information and evidence relating to any  
17 matter involving the conduct of licensees, as directed by the board  
18 or as directed by the executive officer pursuant to a delegation of  
19 authority by the board.

20 (b) To receive and investigate complaints and to conduct  
21 investigations or hearings, with or without the filing of any  
22 complaint, and to obtain information and evidence relating to any  
23 matter involving any violation or alleged violation of this chapter  
24 by licensees, as directed by the board or as directed by the  
25 executive officer pursuant to a delegation of authority by the  
26 board.

27 (c) In exercising the duties prescribed in this section, the  
28 committee shall act only in an advisory capacity, shall have no  
29 authority to initiate any disciplinary action against a licensee, and  
30 shall only be authorized to report its findings from any  
31 investigation or hearing conducted pursuant to this section to the  
32 board, or upon direction of the board, to the executive officer.

33 SEC. 5. Section 5076 is added to the Business and Professions  
34 Code, to read:

35 5076. (a) In order to renew its registration, a firm providing  
36 attest services, other than a sole proprietor or a small firm as  
37 defined in Section 5000, shall complete a peer review prior to the  
38 first registration expiration date after January 1, 2006, and no less  
39 frequently than every three years thereafter.

40 (b) For purposes of this article, the following definitions apply:

(1) “Peer review” means a study, appraisal, or review conducted in accordance with professional standards of the professional work of a licensee or registered firm by another licensee unaffiliated with the licensee or registered firm being reviewed. The peer review shall include, but not be limited to, a review of at least one attest engagement representing the highest level of service performed by the firm and may include an evaluation of other factors in accordance with requirements specified by the board in regulations.

(2) “Attest services” include an audit, a review of financial statements, or an examination of prospective financial information, provided, however, “attest services” shall not include the issuance of compiled financial statements.

(c) The board shall adopt regulations as necessary to implement, interpret, and make specific the peer review requirements in this section, including, but not limited to, regulations specifying the requirements for the approval of peer review providers, and regulations establishing a peer review oversight committee.

SEC. 6. Section 5081 of the Business and Professions Code is amended to read:

5081. An applicant for admission to the examination for a certified public accountant license shall:

(a) Not have committed acts or crimes constituting grounds for denial of a license under Section 480.

(b) File the application for the examination. An application for the examination shall not be considered filed unless all required supporting documents, fees, and the fully completed board-approved application form are received in the board office or filed by mail in accordance with Section 11003 of the Government Code on or before the specified final filing date.

(c) Meet one of the educational requirements specified in this article.

SEC. 7. Section 5081.1 of the Business and Professions Code is amended to read:

5081.1. Pursuant to subdivision (b) of Section 5090, an applicant for admission to the examination for a certified public accountant certificate may qualify for admission with one of the following:



(a) The applicant shall present satisfactory evidence that the applicant has either of the following:

(1) A baccalaureate degree from a university, college or other four-year institution of learning accredited by a regional institutional accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of, the Higher Education Act of 1965 as amended, (20 U.S.C. Sec. 1001 and following) with a major in accounting or related subjects requiring a minimum of 45 semester units of instruction in these subjects. If the applicant has received a baccalaureate degree in a nonaccounting major, the applicant shall present satisfactory evidence of study substantially the equivalent of an accounting major, including courses in related business administration subjects.

(2) A degree or degrees from a college, university, or other institution of learning located outside the United States that is approved by the board as the equivalent of the baccalaureate degree described in paragraph (1). The board may require an applicant under this paragraph to submit documentation of his or her education to a credentials evaluation service approved by the board for evaluation and to cause the results of this evaluation to be reported to the board. The board shall adopt regulations specifying the criteria and procedures for approval of credential evaluation services. These regulations shall, at a minimum, require that the credential evaluation service (A) furnish evaluations directly to the board; (B) furnish evaluations written in English; (C) be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services; (D) be used by accredited colleges and universities; (E) be reevaluated by the board every five years; (F) maintain a complete set of reference materials as specified by the board; (G) base evaluations only upon authentic, original transcripts and degrees and have a written procedure for identifying fraudulent transcripts; (H) include in the evaluation report, for each degree held by the applicant, the equivalent degree offered in the United States, the date the degree was granted, the institution granting the degree, an English translation of the course titles, and the semester unit equivalence for each of the courses; (I) have an appeal procedure for applicants;



1 and (J) furnish the board with information concerning the  
2 credential evaluation service that includes biographical  
3 information on evaluators and translators, three letters of  
4 references from public or private agencies, statistical information  
5 on the number of applications processed annually for the past five  
6 years, and any additional information the board may require in  
7 order to ascertain that the credential evaluation service meets the  
8 standards set forth in this paragraph and in any regulations adopted  
9 by the board.

10 (b) The applicant shall present satisfactory evidence that the  
11 applicant has successfully completed a two-year course of college  
12 level study or received an associate of arts degree from a  
13 community college, either institution accredited by a regional  
14 institutional accrediting agency that is included in a list published  
15 by the United States Secretary of Education under the provisions  
16 of federal law specified in paragraph (1) of subdivision (a), and  
17 that the applicant has completed a minimum of 120 semester units  
18 which includes the study of accounting and related business  
19 administration subjects.

20 (c) The applicant shall show to the satisfaction of the board that  
21 he or she has had the equivalent of the educational qualifications  
22 required by subdivision (b), or shall pass a preliminary written  
23 examination approved and administered by an agency approved  
24 by the California State Department of Education and shall have  
25 completed a minimum of 10 semester units or the equivalent in  
26 accounting subjects. The 10 semester units in accounting subjects  
27 shall be completed at a college, university, or other institution of  
28 higher learning accredited at the college level by an agency or  
29 association that is included in a list published by the United States  
30 Secretary of Education under the federal law specified in  
31 paragraph (1) of subdivision (a).

32 (d) The applicant shall be a public accountant registered under  
33 this chapter.

34 (e) This section shall remain in effect only until January 1,  
35 2006, and as of that date is repealed, unless a later enacted statute,  
36 that is enacted before January 1, 2006, deletes or extends that date.

37 SEC. 8. Section 5082 of the Business and Professions Code  
38 is amended to read:





1     5082. An applicant for a certified public accountant license  
2 shall have successfully passed examinations in subjects the board  
3 deems appropriate.

4     SEC. 9. Section 5082.1 of the Business and Professions Code  
5 is amended to read:

6     5082.1. All examinations provided for herein shall be held by  
7 the board at places circumstances may warrant, and as often as may  
8 be necessary in the opinion of the board. The board may contract  
9 with any organization, governmental or private, for examination  
10 material or services. Within 90 days after the examination the  
11 board shall notify each candidate of his or her score. All  
12 examination records shall be preserved for a period of at least six  
13 months after the notification of scoring and any candidate shall  
14 upon request to the board have access to his or her records.

15     SEC. 10. Section 5082.2 of the Business and Professions  
16 Code is amended to read:

17     5082.2. For candidates seeking to be reexamined pursuant to  
18 subdivision (b) of Section 5090, a candidate who fails an  
19 examination provided for herein shall have the right to any number  
20 of reexaminations at subsequent examinations held by the board.  
21 A candidate who passes an examination in two or more subjects  
22 shall have the right to be reexamined in the remaining subject or  
23 subjects only, at subsequent examinations held by the board, and  
24 if he or she passes in the remaining subject or subjects within a  
25 period of time specified in the rules of the board, he or she shall  
26 be considered to have passed the examination.

27     This section shall remain in effect only until January 1, 2006,  
28 and as of that date is repealed, unless a later enacted statute, that  
29 is enacted before January 1, 2006, deletes or extends that date.

30     SEC. 11. Section 5082.3 of the Business and Professions  
31 Code is amended to read:

32     5082.3. An applicant for a license as a certified public  
33 accountant may be deemed by the board to have met the  
34 examination requirements of Section 5082, 5092, or 5093 if the  
35 applicant satisfies all of the following requirements:

36     (a) The applicant is licensed or has comparable authority under  
37 the laws of any country to engage in the practice of public  
38 accountancy.

39     (b) The International Qualifications Appraisal Board jointly  
40 established by the National Association of State Boards of

1 Accountancy and the American Institute of Certified Public  
2 Accountants has determined that the standards under which the  
3 applicant was licensed or under which the applicant secured  
4 comparable authority meet its standards for admission to the  
5 International Uniform Certified Public Accountant Qualification  
6 Examination.

7 (c) The applicant has successfully passed the International  
8 Uniform Certified Public Accountant Qualification Examination  
9 referenced in subdivision (b).

10 SEC. 12. Section 5082.4 of the Business and Professions  
11 Code is amended to read:

12 5082.4. A Canadian Chartered Accountant in good standing  
13 may be deemed by the board to have met the examination  
14 requirements of Section 5082, 5092, or 5093 if he or she has  
15 successfully passed the Canadian Chartered Accountant Uniform  
16 Certified Public Accountant Qualification Examination of the  
17 American Institute of Certified Public Accountants or the  
18 International Uniform Certified Public Accountant Qualification  
19 Examination referenced in subdivision (b) Section 5082.3.

20 SEC. 13. Section 5082.5 is added to the Business and  
21 Professions Code, to read:

22 5082.5. The board may give credit to a candidate who has  
23 passed all or part of the examination in another state or territory,  
24 if the members of the board determine that the standards under  
25 which the examination was held are as high as the standards  
26 established for the examination in this chapter.

27 SEC. 14. Section 5083 of the Business and Professions Code  
28 is amended to read:

29 5083. (a) Pursuant to subdivision (b) of Section 5090, an  
30 individual applying for licensure shall meet, to the satisfaction of  
31 the board, one of the following requirements:

32 (1) Four years of experience if the applicant qualified to sit for  
33 the exam by meeting the requirements of subdivision (b) or (c) of  
34 Section 5081.1.

35 (2) Three years of experience if the applicant qualified to sit for  
36 the exam by meeting the requirements of subdivision (a) or (d) of  
37 Section 5081.1 or meets the requirements of Section 5082.3.

38 (b) In order to be qualifying under this section, experience shall  
39 have been performed in accordance with applicable professional  
40 standards. Experience in public accounting may be qualifying if



completed by, or in the employ of, a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing employment may be qualifying provided that this work was performed under the direct supervision of an individual licensed by a state to engage in the practice of public accountancy.

(c) Qualifying experience for licensure includes providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills.

(d) The board shall prescribe rules related to the experience requirements set forth in this section, including a requirement that each applicant demonstrate to the board satisfactory experience in the attest function as it relates to financial statements. For purposes of this subdivision, the attest function includes audit and review of financial statements.

(e) This section shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

SEC. 15. Section 5084 of the Business and Professions Code is amended to read:

5084. For applicants seeking licensure pursuant to subdivision (b) of Section 5090, the board shall grant one year's credit toward fulfillment of its public accounting experience requirement to a graduate of a college who has completed a four-year course with 45 or more semester units or the equivalent thereof in the study of accounting and related business administration subjects, of which at least 20 semester units or the equivalent thereof shall be in the study of accounting.

The members of the board shall prescribe rules establishing the character and variety of experience necessary to fulfill the experience requirements set forth in this section.

This section shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

SEC. 16. Section 5087 of the Business and Professions Code is amended to read:

5087. (a) The board may issue a certified public accountant license to any applicant who is a holder of a valid and unrevoked

1 certified public accountant license issued under the laws of any  
2 state, if the board determines that the standards under which the  
3 applicant received the license are substantially equivalent to the  
4 standards of education, examination, and experience established  
5 under this chapter and the applicant has not committed acts or  
6 crimes constituting grounds for denial under Section 480. To be  
7 authorized to sign reports on attest engagements, the applicant  
8 shall meet the requirements of Section 5095.

9 (b) The board may in particular cases waive any of the  
10 requirements regarding the circumstances in which the various  
11 parts of the examination were to be passed for an applicant from  
12 another state.

13 SEC. 17. Section 5088 of the Business and Professions Code  
14 is amended to read:

15 5088. (a) Any person who is the holder of a valid and  
16 unrevoked license as a certified public accountant issued under the  
17 laws of any state and who applies to the board for a license as a  
18 certified public accountant under the provisions of Section 5087  
19 may, after application for licensure and after providing evidence  
20 of qualifying continuing education, perform the same public  
21 accounting services in this state as a certified public accountant  
22 licensed under Section 5092 or 5093 until the time his or her  
23 application for a license is granted or rejected.

24 (b) An applicant meeting the requirements of subdivision (a)  
25 who certifies that he or she has met the requirements of Section  
26 5095 may perform attest services in this state until the time his or  
27 her application for a license is granted or rejected.

28 SEC. 18. Section 5090 is added to the Business and  
29 Professions Code, to read:

30 5090. (a) An applicant for the certified public accountant  
31 license shall comply with the education, examination, and  
32 experience requirements in either Section 5092 or 5093.

33 (b) Notwithstanding subdivision (a), an applicant who applied  
34 ~~and qualified for admission to~~, *qualified, and sat for at least two*  
35 *subjects of* the examination for the certified public accountant  
36 license before December 31, 2001, may complete the examination  
37 and qualify for licensure based on the requirements in Sections  
38 5081.1, 5082, 5082.2, 5083, 5084, and applicable regulations  
39 adopted by the board that were in effect on December 31, 2001, or  
40 comparable examination requirements adopted by the board in the



1 event the form or format of the examination changes, provided the  
2 applicant qualifies and applies for licensure ~~no later than~~ *before*  
3 January 1, 2006.

4 SEC. 19. Section 5091 is added to the Business and  
5 Professions Code, to read:

6 5091. At the time of application for the examination, the  
7 applicant shall choose whether he or she is making the application  
8 under Section 5092 or 5093. An applicant making application  
9 under Section 5093 may change and apply under Section 5092  
10 without having to retake sections of the examination already  
11 passed provided those sections were passed in accordance with the  
12 requirements of Section 5092.

13 SEC. 20. Section 5092 is added to the Business and  
14 Professions Code, to read:

15 5092. (a) To qualify for the certified public accountant  
16 license, an applicant who is applying under this section shall meet  
17 the education, examination, and experience requirements in  
18 subdivisions (b), (c), and (d) of this section. The board may adopt  
19 regulations as necessary to implement this section.

20 (b) An applicant for the certified public accountant license  
21 shall present satisfactory evidence that the applicant has  
22 completed a baccalaureate or higher degree conferred by a college  
23 or university, meeting, at a minimum, the standards described in  
24 Section 5094, the total educational program to include a minimum  
25 of 24 semester units in accounting subjects and 24 semester units  
26 in business related subjects. This evidence shall be provided prior  
27 to admission to the examination for the certified public accountant  
28 license, *except that an applicant who passed the examination*  
29 *before December 31, 2001, may provide this evidence at the time*  
30 *of application for licensure provided the applicant applies and*  
31 *qualifies for licensure before January 1, 2006.*

32 (c) An applicant for the certified public accountant license shall  
33 pass an examination in accounting, auditing, and other subjects the  
34 board deems appropriate. An applicant who fails this examination  
35 has the right to reexamination. During the time this examination  
36 is a written, paper and pencil examination, an applicant who passes  
37 two or more subjects at any examination shall receive a conditional  
38 credit for those subjects and does not need to sit for reexamination  
39 in those subjects. The applicant shall have the right to be  
40 reexamined in the remaining subject or subjects only at the six

1 subsequent *consecutive* examinations immediately following  
2 receipt of the conditional credit. If the remaining subject or  
3 subjects are passed during the six subsequent examinations, the  
4 candidate shall be considered to have passed the examination.

5 The conditional credit period provided in this section may be  
6 extended by the board upon a showing of extraordinary  
7 extenuating circumstances which prevented the applicant from  
8 retaking the examination during this period.

9 (d) The applicant shall show, to the satisfaction of the board,  
10 that the applicant has had two years of qualifying experience. This  
11 experience may include providing any type of service or advice  
12 involving the use of accounting, attest, compilation, management  
13 advisory, financial advisory, tax, or consulting skills. To be  
14 qualifying under this section, experience shall have been  
15 performed in accordance with applicable professional standards.  
16 Experience in public accounting shall be completed under the  
17 supervision or in the employ of a person licensed or otherwise  
18 having comparable authority under the laws of any state or country  
19 to engage in the practice of public accountancy. Experience in  
20 private or governmental accounting or auditing shall be completed  
21 under the supervision of an individual licensed by a state to engage  
22 in the practice of public accountancy.

23 SEC. 21. Section 5093 is added to the Business and  
24 Professions Code, to read:

25 5093. (a) To qualify for the certified public accountant  
26 license, an applicant who is applying under this section shall meet  
27 the education, examination, and experience requirements  
28 specified in subdivisions (b), (c), and (d) of this section. The board  
29 may adopt regulations as necessary to implement this section.

30 (b) (1) An applicant for admission to the certified public  
31 accountant examination under the provisions of this section shall  
32 present satisfactory evidence that the applicant has completed a  
33 baccalaureate or higher degree conferred by a college or  
34 university, meeting, at a minimum, the standards described in  
35 Section 5094, the total educational program to include a minimum  
36 of 24 semester units in accounting subjects and 24 semester units  
37 in business related subjects. This evidence shall be provided at the  
38 time of application for admission to the examination, *except that*  
39 *an applicant who passed the examination before December 31,*  
40 *2001, may provide this evidence at the time of application for*



*licensure provided the applicant applies and qualifies for licensure before January 1, 2006.*

(2) An applicant for issuance of the certified public accountant license under the provisions of this section shall present satisfactory evidence that the applicant has completed at least 150 semester units of college education including a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects and 24 semester units in business related subjects. This evidence shall be presented at the time of application for the certified public accountant license.

(c) An applicant for the certified public accountant license shall pass an examination in accounting, auditing, and other subjects the board deems appropriate. An applicant who fails this examination has the right to reexamination. During the time this examination is a written, paper and pencil examination, the applicant shall pass the examination in accordance with the requirements of paragraphs (1) and (2) of this subdivision.

(1) If at a given sitting of the examination an applicant passes two or more subjects, but does not pass all subjects, the applicant shall be given conditional credit for those subjects and the applicant does not need to sit for reexamination in those subjects, provided that:

(A) At that sitting the applicant sat for all subjects for which the applicant does not have credit.

(B) The applicant attained a minimum standardized score of 50 as determined by the board on each subject taken at that sitting.

(2) In order to pass the examination pursuant to the conditional credit described in paragraph (1), the applicant shall pass the remaining subjects within six *subsequent* consecutive examinations given after the one at which the first subjects were passed provided that:

(A) At each subsequent sitting at which the applicant seeks to pass any additional subjects, the applicant sits for all subjects for which the applicant does not have credit.

(B) In order to receive credit for passing additional subjects in any subsequent sitting, the applicant attains a minimum standardized score of 50 as determined by the board on the subjects taken at that sitting.



1 The conditional credit period provided in this section may be  
2 extended by the board upon a showing of extraordinary  
3 extenuating circumstances which prevented the applicant from  
4 retaking the examination period.

5 (d) The applicant shall show, to the satisfaction of the board,  
6 that the applicant has had one year of qualifying experience. This  
7 experience may include providing any type of service or advice  
8 involving the use of accounting, attest, compilation, management  
9 advisory, financial advisory, tax or consulting skills. To be  
10 qualifying under this section, experience shall have been  
11 performed in accordance with applicable professional standards.  
12 Experience in public accounting shall be completed under the  
13 supervision or in the employ of a person licensed or otherwise  
14 having comparable authority under the laws of any state or country  
15 to engage in the practice of public accountancy. Experience in  
16 private or governmental accounting or auditing shall be completed  
17 under the supervision of an individual licensed by a state to engage  
18 in the practice of public accountancy.

19 SEC. 22. Section 5094 is added to the Business and  
20 Professions Code, to read:

21 5094. (a) In order for education to be qualifying, it shall meet  
22 the standards described in subdivision (b) or (c) of this section.

23 (b) At a minimum, education must be from a university,  
24 college, or other institution of learning accredited by a regional  
25 institutional accrediting agency included in a list of these agencies  
26 published by the United States Secretary of Education under the  
27 requirements of the Higher Education Act of 1965 as amended (20  
28 U.S.C. Sec. 1001 and following).

29 (c) Education from a college, university, or other institution of  
30 learning located outside the United States may be qualifying  
31 provided it is deemed by the board to be equivalent to education  
32 obtained under subdivision (b). The board may require an  
33 applicant to submit documentation of his or her education to a  
34 credentials evaluation service approved by the board for  
35 evaluation and to cause the results of this evaluation to be reported  
36 to the board in order to assess educational equivalency.

37 (d) The board shall adopt regulations specifying the criteria and  
38 procedures for approval of credential evaluation services. These  
39 regulations shall, at a minimum, require that the credential  
40 evaluation service (1) furnish evaluations directly to the board;

(2) furnish evaluations written in English; (3) be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services; (4) be used by accredited colleges and universities; (5) be reevaluated by the board every five years; (6) maintain a complete set of reference materials as specified by the board; (7) base evaluations only upon authentic, original transcripts and degrees and have a written procedure for identifying fraudulent transcripts; (8) include in the evaluation report, for each degree held by the applicant, the equivalent degree offered in the United States, the date the degree was granted, the institution granting the degree, an English translation of the course titles, and the semester unit equivalence for each of the courses; (9) have an appeal procedure for applicants; and (10) furnish the board with information concerning the credential evaluation service that includes biographical information on evaluators and translators, three letters of references from public or private agencies, statistical information on the number of applications processed annually for the past five years, and any additional information the board may require in order to ascertain that the credential evaluation service meets the standards set forth in this subdivision and in any regulations adopted by the board.

SEC. 23. Section 5095 is added to the Business and Professions Code, to read:

5095. (a) To be authorized to sign reports on attest engagements, a licensee shall complete a minimum of 500 hours of experience, satisfactory to the board, in attest services.

(b) To qualify under this section, attest experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy and provide attest services, and this experience shall be verified. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy and perform attest services, and this experience shall be verified. An applicant may be required to present work papers or other evidence

1 substantiating that the applicant has met the requirements of this  
2 section and any applicable regulations.

3 (c) An individual who qualified for licensure by meeting the  
4 requirements of Section 5083 shall be deemed to have satisfied the  
5 requirements of this section.

6 (d) The board shall adopt regulations to implement this section,  
7 including, but not limited to, a procedure for applicants under  
8 Section 5092 or Section 5093 to qualify under this section.

9 SEC. 24. Section 5134 of the Business and Professions Code  
10 is amended to read:

11 5134. The amount of fees prescribed by this chapter is as  
12 follows:

13 (a) The fee to be charged to each applicant for the certified  
14 public accountant examination shall be fixed by the board at an  
15 amount to equal the actual cost to the board of the purchase or  
16 development of the examination, plus the estimated cost to the  
17 board of administering the examination and shall not exceed six  
18 hundred dollars (\$600). The board may charge a reexamination fee  
19 equal to the actual cost to the board of the purchase or development  
20 of the examination or any of its component parts, plus the  
21 estimated cost to the board of administering the examination and  
22 not to exceed seventy-five dollars (\$75) for each part that is subject  
23 to reexamination.

24 (b) The fee to be charged to out-of-state candidates for the  
25 certified public accountant examination shall be fixed by the board  
26 at an amount equal to the estimated cost to the board of  
27 administering the examination and shall not exceed six hundred  
28 dollars (\$600) per candidate.

29 (c) The application fee to be charged to each applicant for  
30 issuance of a certified public accountant certificate shall be fixed  
31 by the board at an amount equal to the estimated administrative  
32 cost to the board of processing and issuing the certificate and shall  
33 not exceed two hundred fifty dollars (\$250).

34 (d) The application fee to be charged to each applicant for  
35 issuance of a certified public accountant certificate by waiver of  
36 examination shall be fixed by the board at an amount equal to the  
37 estimated administrative cost to the board of processing and  
38 issuing the certificate and shall not exceed two hundred fifty  
39 dollars (\$250).

1 (e) The fee to be charged to each applicant for registration as  
2 a partnership or professional corporation shall be fixed by the  
3 board at an amount equal to the estimated administrative cost to the  
4 board of processing and issuing the registration and shall not  
5 exceed two hundred fifty dollars (\$250).

6 (f) The board shall fix the biennial renewal fee so that, together  
7 with the estimated amount from revenue other than that generated  
8 by subdivisions (a) to (e), inclusive, the reserve balance in the  
9 board's contingent fund shall be equal to approximately six  
10 months of annual authorized expenditures. Any increase in the  
11 renewal fee made after July 1, 1990, shall be effective upon a  
12 determination by the board, by regulation adopted pursuant to  
13 subdivision (k), that additional moneys are required to fund  
14 authorized expenditures other than those specified in subdivisions  
15 (a) to (e), inclusive, and maintain the board's contingent fund  
16 reserve balance equal to six months of estimated annual authorized  
17 expenditures in the fiscal year in which the expenditures will  
18 occur. The biennial fee for the renewal of each of the permits to  
19 engage in the practice of public accountancy specified in Section  
20 5070 shall not exceed two hundred fifty dollars (\$250).

21 (g) The delinquency fee shall be 50 percent of the accrued  
22 renewal fee.

23 (h) The initial permit fee is an amount equal to the renewal fee  
24 in effect on the last regular renewal date before the date on which  
25 the permit is issued, except that, if the permit is issued one year or  
26 less before it will expire, then the initial permit fee is an amount  
27 equal to 50 percent of the renewal fee in effect on the last regular  
28 renewal date before the date on which the permit is issued. The  
29 board may, by regulation, provide for the waiver or refund of the  
30 initial permit fee where the permit is issued less than 45 days  
31 before the date on which it will expire.

32 (i) The fee to be charged for the certification of documents  
33 evidencing passage of the certified public accountant  
34 examination, the certification of documents evidencing the grades  
35 received on the certified public accountant examination, or the  
36 certification of documents evidencing licensure shall be  
37 twenty-five dollars (\$25).

38 (j) The actual and estimated costs referred to in this section  
39 shall be calculated every two years using a survey of all costs  
40 attributable to the applicable subdivision.

1 (k) Upon the effective date of this section the board shall fix the  
2 fees in accordance with the limits of this section and, on and after  
3 July 1, 1990, any increase in any fee fixed by the board shall be  
4 pursuant to regulation duly adopted by the board in accordance  
5 with the limits of this section.

6 (l) Fees collected pursuant to subdivisions (a) to (e), inclusive,  
7 shall be fixed by the board in amounts necessary to recover the  
8 actual costs of providing the service for which the fee is assessed,  
9 as projected for the fiscal year commencing on the date the fees  
10 become effective.

11 SEC. 25. This bill shall become operative only if Assembly  
12 Bill 585 is enacted and becomes effective on or before January 1,  
13 2002.

